

Message Text

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66-61

ACTION ARA-08

INFO OCT-01 SS-14 ADP-00 EB-03 L-02 H-01 INR-10 PRS-01

CIEP-01 OMB-01 NSC-10 TRSE-00 RSR-01 RSC-01 SCEM-01

NSCE-00 /055 W

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R 132129 Z APR 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9448

C O N F I D E N T I A L CARACAS 3200

LIMDIS

E. O. 11652 GDS

TAGS: ENRG, VE

SUBJECT: US- VENEZUELAN PETROLEUM RELATIONS

1. BY COINCIDENCE I LUNCHEDED TODAY WITH TWO FORMER VENEZUELAN ADECO AMBASSADORS TO WASHINGTON, SENATOR ENRIQUE TEJERA - PARIS AND HECTOR SANTAELLA; AND LATER RECEIVED A CALL BY ROBERT DOLPH, PRESIDENT OF THE CREOLE PETROLEUM CORPORATION.

2. FROM THESE VERY DIFFERENT SOURCES A SIMILAR PATTERN EMERGED: VENEZUELAN POLITICIANS ARE BOUND ON AN UNREALISTIC COURSE, CHASING OFF AFTER MECHANICAL RABBITS IN CRITICIZING A SUPPOSED MALIGN INTENT BY THE UNITED STATES TO TAKE OVER VENEZUELA'S REMAINING LARGE PETROLEUM RESERVE IN THE ORINOCO BELT; AND TALKING AT THE SAME TIME OF A SUPPOSED ABILITY TO INCREASE VENEZUELAN PRICES FOR OIL DESPITE THE FACT THAT WITH DECREASING PRODUCTION AND NO PROSPECT OF NEW INVESTMENT VENEZUELA WILL NOT BE ABLE TO CALL THE TUNE.

3. BOTH THE TWO FORMER ADECO AMBASSADORS AND DOLPH AGREED ON THE DESIRABILITY OF A GOVERNMENT- TO- GOVERNMENT AGREEMENT WHICH WOULD ESTABLISH EQUITABLE RULES OF THE

GAME; AND CONCURRED WITH MY ESTIMATE THAT WE SHOULD BE
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PREPARED TO HAVE THE PRINCIPLES OF SUCH AN AGREEMENT IN SUCH SHAPE THAT THEY COULD BE RAPIDLY INCORPORATED IN A TREATY ONCE THE NEXT PRESIDENT OF VENEZUELA TAKES OFFICE MARCH 20, 1974, AND HIS NEW CONGRESS WILL BE ON HAND TO RATIFY THAT AGREEMENT. IN THE MEANTIME, ALL HANDS CONCURRED THAT I SHOULD CONTINUE MY CONVERSATIONS WITH AMBASSADOR SOSA AND THEY AGREED WITH MY ESTIMATE THAT THE THREE VENEZUELAN PERSONALITIES MOST IMPORTANT IN THIS CONTINUING CONVERSATION WOULD BE AMBASSADOR SOSA (AND MYSELF) AT THE CONVERSATIONAL LEVEL, WITH ULTIMATE DECISIONS BEING CHanneLED TO PRESIDENT CALDERA VIA FONMIN CALVANI. THIS WOULD CONVENIENTLY CIRCUMVENT THE TITULAR MINISTER OF MINES AND HYDROCARBONS WHOSE SUSPICIONS OF OUR SUPPOSED DESIGNS ON VENEZUELA'S ORINOCO RESERVES WOULD PROBABLY MAKE HIM AN UNHELPFUL NEGOTIATOR.

4. FROM INFORMAL SOURCES WE HAVE IMPRESSION THAT PRESIDENT NIXON'S STATEMENT ON ENERGY WILL BE ISSUED ON WEDNESDAY, APRIL 18. THIS WOULD COME AT A FORTUITOUS TIME IN THE EVENT IT MIGHT PROVOKE ADVERSE VENEZUELAN REACTIONS BECAUSE THE ENTIRE COUNTRY WILL BE ON EASTER HOLIDAY FROM APRIL 19 TO 23. I MYSELF WILL BE SEA.
MCCLINTOCK

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*** Current Handling Restrictions *** LIMDIS
*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 13 APR 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CARACA03200
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GDS
Errors: n/a
Film Number: n/a
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730442/aaaainxt.tel
Line Count: 91
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 07 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Dec-2001 by hilburpw>; APPROVED <07-Dec-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 980115
Subject: US- VENEZUELAN PETROLEUM RELATIONS
TAGS: ENRG, VE
To: ARA
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005